

getting it purchased

The quarterly newsletter of the General Services Division

Winter 2002

Montana Department of Administration • Website address: www.discoveringmontana.com/doa/ppd

NEWS AND NOTES

New Name, New Division. Early this fall, the Procurement and Printing Division and the General Services Division merged into a single division within the Department of Administration. The new "General Services Division" contains the State Procurement Bureau, Print and Mail Services Bureau, Property and Supply Bureau, and the Facilities Management Bureau. Marvin Eicholtz is the administrator of the new division and Sheryl Olson is the Deputy Administrator. All phone numbers remain the same.

Upcoming Purchasing Classes. "Basic Purchasing Methods and Issues" will be offered again in Helena on April 2, 2002. The "Advanced Purchasing" class will take place in Helena on April 18, 2002. These classes will be offered each spring and fall. To register, contact the Professional Development Center at 444-3985. Request for Proposal training is also available upon request.

Newspaper Advertising. The State Procurement Bureau researched the possibility of obtaining a contract rate for classified newspaper ads. Four of the five major Montana newspapers are owned by Lee Enterprises. Rates currently are based on circulation with each newspaper having its own rate. At this time, the newspapers are not interested in giving the State additional discounts for classified ads. The State currently receives a folio rate for legal ads, which is the same rate for all newspapers owned by Lee Enterprises in Montana.

New Look to Our Newsletter. Our Spring 2002 newsletter will have a brand new look to reflect

our merger with the General Services Division. The revised newsletter will be expanded to include issues concerning the Capitol Complex facilities.

"Reciprocal Preference" Revision. We recently learned that a slight modification to the "reciprocal preference" administrative rule is necessary. The current rule, ARM 2.5.408, states that reciprocal preference should only be considered for "*an invitation for bid for supplies*." However, after some complicated research and decision-making, it was determined that the reciprocal preference also needs to be considered for "non-construction" services for public works, such as janitorial services, security services, food service workers, etc. The list of "non-construction" services for public works is found in section 18-2-401(9), MCA. This list of covered professions has been set out on our website under "Reciprocal Preference." Our standard documents have been revised to reflect this change and an amendment to the administrative rule is being drafted. The revised rule will state that the reciprocal preference must be applied to an invitation for bid for supplies and "*an invitation for bid for 'non-construction' services for public works as defined in 18-2-401, MCA.*" The reciprocal preference *will not* be considered if a *request for proposal* is used to solicit these non-construction services for public works.

On another note: Just a reminder that reciprocal preferences must always be considered if "construction" of public works is involved. The change in the preference laws during the last legislative session did not affect this part of the law, which has been in effect since 1985. Mont. Code Ann. § 18-1-102(1). Since the Montana

Procurement Act does not directly affect construction, this construction-related reciprocal preference is not addressed in the administrative rules implementing the Act. However, it still cannot be overlooked! For information on the application of reciprocal preferences, please contact Sheryl Olson at 444-3315 or sherylolson@state.mt.us.

Contract Performance Security Issues and Training. In many contract situations, "contract security" is required to ensure the faithful performance of the contract and the payment of workers and suppliers. The State Procurement Bureau has updated its policy on contract security and will be providing training to agencies on those changes at the Purchasing Users Group meeting on February 28, 2002. A "Questions and Answers on Contract Performance Security" document was recently updated and posted to our website under "Procurement Questions and Answers." This document will be fully explained at the PUG meeting. One change to note is that contractors are now required to use the State's forms if they choose to submit a surety bond or a letter of credit for their contract performance security requirements. These forms can be found on our website under "Standard Contract Language & Forms" under "Form Index." If you have any questions before the February 28 PUG meeting, please contact Sheryl Olson at 444-3315 or sherylolson@state.mt.us.

Contract Renewal Changes. Effective January 1, 2002, the State Procurement Bureau (SPB) formalized the process it will follow for contract renewals. For contracts originating from this office, SPB will now notify the agency 90 days in advance of a contract coming up for renewal. A SPB contracts officer will work with the agency to determine its desired course of action and then follow up with the contractor to get the renewal process completed. By being involved in contract renewals, the SPB will be able to assure agencies that the required insurances and contract performance security remain current.

"Artificially Dividing" Purchases. Have you ever been tempted to divide up purchases so that each purchase falls under \$5,000 so it can be purchased without competition? If so, watch out! Section 18-4-305, MCA, clearly states: "Procurement requirements may not be artificially divided so as to constitute a small purchase or limited solicitation under this section." "Artificially dividing" purchases can come in all sorts of forms and schemes, so

procurement folks need to be on the watch to be sure that what their agency is doing does not violate this law. If you have any questions about whether or not a purchase may be considered "artificially divided," contact a Contracts Officer at the State Procurement Bureau for advice.

Increasing Electricity, Gas, Insurance, and Transportation Costs—Affect on Contract Prices. The SPB is aware that over the last year or so, and particularly since the 9/11 tragedy, current contractors may be facing substantial increases in electricity, gas, transportation, and insurance costs. The question arises as to whether the contract price for existing contracts can be increased to offset the escalating prices. In a word, no. Unless a price escalation clause was included in the original solicitation, your only option is to re-solicit. See section 18-4-313, MCA.

NEW TELEPHONE NUMBERS PROPERTY AND SUPPLY BUREAU

The installation of a new phone system for the Property and Supply Bureau resulted in a change in all phone numbers effective December 14, 2001.

Main number	495-6000
Automated order line	495-6003
Central Stores fax	495-6001
Surplus Property fax	449-4952

FISCAL & SUPPORT

Brenda Job, Accountant, Supervisor	495-6004
Lori Carroll, Accountant, Payables	495-6005
Dave Schell, Accounting Tech	495-6006
Kimberley Zanni, Program Assistant	495-6000

CENTRAL STORES PURCHASING & WAREHOUSE

Jim Nelson, Purchasing Supervisor	495-6009
Mary Coleman, Purchasing Assistant	495-6010
Wayne Spiroff, Warehouse Supervisor	495-6011
Randy Smith, Warehouse Worker	495-6012
Paul Nuebel, Warehouse Worker	495-6013
Tom Hastings, Warehouse Worker	495-6014
Pat Purcell, Warehouse Worker	495-6015

STATE & FEDERAL SURPLUS PROPERTY

Surplus Warehouse	495-6020
Mark Athearn, Program Manager	495-6016
Gary Henry, Program Specialist	495-6017
Dave Hickman, Warehouse Supervisor	495-6020
Dan Mattfeldt, Program Assistant	495-6018
Warren Lewis, Mechanic	495-6020

Thanks for the Good Questions



Penny Moon, Contracts Officer for the State Procurement Bureau, has conducted four "Basic Purchasing" and three "Advanced Purchasing" classes since October 2001 for a total of 110 attendees. Many great questions and issues have been raised during these classes that we want to be sure to address. Some issues are addressed here while others will be the subject of future newsletter articles or PUG meeting topics. Keep the questions coming!

1. Can SPB's website be configured to allow for search capability? ***We're in the midst of a major overhaul of our website. This is something we are investigating adding to our site.***
2. Should the "boilerplate" standard terms and conditions list limited solicitation as well as bid/proposal? ***Pertinent clauses of the "boilerplate" were revised in December, 2001, to include a reference to limited solicitation.***
3. When changes are made to SPB's standard statements, can notification be provided highlighting the change? ***Notification of changes is communicated via a message to those who are members of the Purchasing list serve. Please contact Carrie Muffick at 444-3319 to be added to the list.***
4. Can the PUG meetings be teleconferenced with outside communities? Can the PUG handouts and minutes (or synopsis) be posted to the SPB website? ***We won't be teleconferencing in the near future due to the cost, but we will look into adding the PUG agenda, handouts, and speaker notes to our website. Stay tuned.***
5. It is difficult to determine the State's prices from the Central Stores Catalog. Sometimes it looks like our local office supply dealers are offering lower prices. Could Central Stores list the discounted prices or at least the discount percentage so it would be easier to judge actual prices? ***See "Question of the Quarter" on page 4.***
6. Grants: do we have to apply procurement practices to grant monies? If so, when? Is what we do defined by the type of grant, where it came from, what its purpose or intent is, etc.? Is it dependent on how the money is treated when received by agency/university? If a grant lists a specific person/company to receive grant money for services or products, is this okay? What if the listing is because of personal preference and not specifically tied to grant approval? Are grants subject to delegation limits? Should POs or contracts be issued? Will the SPB design some guidelines and samples? ***Great and gnarly questions. Other states wrestle with these issues as well. The State Procurement Bureau will undertake a major overdue research project to address these questions.***
7. Does the prevailing wage requirement apply to Sheltered Workshops? If so, how is it administered? ***Stay tuned, we've posed this question to the Department of Labor and Industry for response.***
8. Several agencies have received complaints from vendors that they are unable to get correct, reliable information from the Secretary of State's office regarding "Authority to Transact Business." ***Stay tuned, we'll work with the Secretary of State's office to address this issue.***
9. Can we add a "force majeure" clause to our boilerplate? "Force majeure" is French for "superior force," i.e., an event (as war, labor strike, or extreme weather) or effect that cannot be reasonably anticipated or controlled. This was a suggestion to aid in situations where the contract may need to be cancelled due to unforeseen circumstances unrelated to vendor performance or funding. ***According to our legal counsel, we don't need it on our "boilerplate" since "force majeure" is already inherent in contract law.***
10. Record retention - do all documents have to be retained in written format to be considered original? Can images be kept instead? Are there restrictions or limitations on what type of "images" would be acceptable? ***According to Lynn Keller, the State's Records Manager, anything can be considered original, including microfilm and electronic records. However, the original must be identified in a Records Retention Schedule and that schedule must be approved by the State Records Committee.***

QUESTION OF THE QUARTER

"It is difficult to determine the State's prices from the Central Stores Catalog. Sometimes it looks like our local office dealer is offering lower prices. Could Central Stores list the discounted prices or at least the discount percentage so it would be easier to judge the actual prices?"

Central Stores distributes two separate catalogs. One is the large full-color catalog which displays the suggested manufacturer's price (not the discounted price offered our users!) for office and computer products and some miscellaneous items. The second is a Central Stores In-Stock Catalog and Price Guide which describes the items found in our Helena warehouse as well as the discounted pricing for both books. The price guide is just that--a guide. Once it is published, it can become obsolete because of price changes at our supplier level. However, it generally is pretty close to the actual pricing. If customers need up-to-the minute pricing, they should call us at 495-6000. In addition to the published pricing, Central Stores is attempting to get a website perfected that will provide customers with up-to-date pricing via their computer screen.

ON THE LEGAL FRONT

There are currently two active cases involving the Montana Procurement Act. One involves the RFP process from 1995 and has not had a trial date set yet. The other involves the rejection of a late proposal. A contested case hearing was held on that case in November with a decision expected from the hearings officer in March 2002.

THINK ABOUT IT

"The price of success is hard work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand."

--Vince Lombardi

PEOPLESOFT UPDATE

Requisitions, Purchase Orders and Asset Profile ID. The State Procurement Bureau has removed the Asset Profile ID associated with the 63000 series of categories. These categories are used when entering requisitions and purchase orders. The removal of the Asset Profile ID will permit distribution by amount (allowing the use of speed charts) when these specific categories are used.

Previously, PeopleSoft would not allow you to tag an item as an asset if you were distributing by amount when using these categories, giving you an error message of *"You cannot distribute by amount when Asset Business Unit is entered."* Since many agencies would like the ability to distribute by amount when using the 63000 series of categories, the Asset Profile ID was removed. Please alert your Accounts Payable/Asset Management staff of this change. Since the Asset Profile ID will no longer default into requisitions or purchase orders, the asset information will need to be entered either on the PO Voucher or directly into Asset Management.

PLEASE NOTE: If you are distributing by quantity, the Asset Profile ID can be manually entered on the requisition or purchase order.

For further information regarding requisitions or purchase orders and distributing by amount, contact Bonny Belling, State Procurement Bureau at 444-3322 or bbelling@state.mt.us.

PURCHASING USERS GROUP

The next meeting of the Purchasing Users Group will be Thursday, February 28, 2002, from 1 p.m. to 4 p.m. in the Scott Hart Auditorium in Helena.

ABOUT THIS NEWSLETTER

"getting it purchased" is published quarterly by the General Services Division of the Montana Department of Administration and is designed to fit in the "getting it purchased" desktop manual. For more information, or to get on the mailing list, contact (406) 444-2575. Our address is: P.O. Box 200135, Helena, MT 59620-0135. Fax number: (406) 444-2529. Website address: www.discoveringmontana.com/doa/ppd.